#### Union Calendar No. 203

109TH CONGRESS 2D SESSION

### H. R. 2791

[Report No. 109-372]

To amend title 35, United States Code, with respect to patent fees, and for other purposes.

#### IN THE HOUSE OF REPRESENTATIVES

June 8, 2005

Mr. Sensenbrenner (for himself, Mr. Smith of Texas, Mr. Goodlatte, Mr. Berman, Mr. Boucher, Mr. Conyers, Mr. Chabot, Mr. Jenkins, Ms. Zoe Lofgren of California, Mr. Coble, and Mr. Wexler) introduced the following bill; which was referred to the Committee on the Judiciary

February 8, 2006 Additional sponsor: Mr. Manzullo

February 8, 2006

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

#### A BILL

To amend title 35, United States Code, with respect to patent fees, and for other purposes.

- 1 Be it enacted by the Senate and House of Representa-
- 2 tives of the United States of America in Congress assembled,

#### 1 SECTION 1. SHORT TITLE.

2	This Act may be cited as the "United States Patent						
3	and Trademark Fee Modernization Act of 2005".						
4	SEC. 2. FEES FOR PATENT SERVICES.						
5	(a) General Patent Fees.—Section 41(a) of title						
6	35, United States Code, is amended to read as follows:						
7	"(a) General Fees.—The Director shall charge the						
8	following fees:						
9	"(1) FILING AND BASIC NATIONAL FEES.—						
10	"(A) On filing each application for an						
11	original patent, except for design, plant, or pro-						
12	visional applications, \$300.						
13	"(B) On filing each application for an						
14	original design patent, \$200.						
15	"(C) On filing each application for an						
16	original plant patent, \$200.						
17	"(D) On filing each provisional application						
18	for an original patent, \$200.						
19	"(E) On filing each application for the re-						
20	issue of a patent, \$300.						
21	"(F) The basic national fee for each inter-						
22	national application filed under the treaty de-						
23	fined in section 351(a) of this title entering the						
24	national stage under section 371 of this title,						
25	\$300.						

1	"(G) In addition, excluding any sequence
2	listing or computer program listing filed in an
3	electronic medium as prescribed by the Direc-
4	tor, for any application the specification and
5	drawings of which exceed 100 sheets of paper
6	(or equivalent as prescribed by the Director if
7	filed in an electronic medium), \$250 for each
8	additional 50 sheets of paper (or equivalent as
9	prescribed by the Director if filed in an elec-
10	tronic medium) or fraction thereof.
11	"(2) Excess claims fees.—In addition to the
12	fee specified in paragraph (1)—
13	"(A) on filing or on presentation at any
14	other time, \$200 for each claim in independent
15	form in excess of 3;
16	"(B) on filing or on presentation at any
17	other time, \$50 for each claim (whether de-
18	pendent or independent) in excess of 20; and
19	"(C) for each application containing a mul-
20	tiple dependent claim, \$360.
21	For the purpose of computing fees under this para-
22	graph, a multiple dependent claim referred to in sec-
23	tion 112 of this title or any claim depending there-
24	from shall be considered as separate dependent
25	claims in accordance with the number of claims to

which reference is made. The Director may by regu-1 2 lation provide for a refund of any part of the fee 3 specified in this paragraph for any claim that is can-4 celed before an examination on the merits, as pre-5 scribed by the Director, has been made of the appli-6 cation under section 131 of this title. Errors in pay-7 ment of the additional fees under this paragraph 8 may be rectified in accordance with regulations pre-9 scribed by the Director.

#### "(3) Examination fees.—

- "(A) For examination of each application for an original patent, except for design, plant, provisional, or international applications, \$200.
- "(B) For examination of each application for an original design patent, \$130.
- "(C) For examination of each application for an original plant patent, \$160.
- "(D) For examination of the national stage of each international application, \$200.
- 20 "(E) For examination of each application 21 for the reissue of a patent, \$600.

The provisions of section 111(a)(3) of this title relating to the payment of the fee for filing the application shall apply to the payment of the fee specified in this paragraph with respect to an application filed

10

11

12

13

14

15

16

17

18

19

22

23

24

1 under section 111(a) of this title. The provisions of 2 section 371(d) of this title relating to the payment 3 of the national fee shall apply to the payment of the 4 fee specified in this paragraph with respect to an 5 international application. The Director may by regu-6 lation provide for a refund of any part of the fee 7 specified in this paragraph for any applicant who 8 files a written declaration of express abandonment 9 as prescribed by the Director before an examination 10 has been made of the application under section 131 11 of this title, and for any applicant who provides a 12 search report that meets the conditions prescribed 13 by the Director. 14 "(4) Issue fees.— "(A) For issuing each original patent, ex-15 16 cept for design or plant patents, \$1,400. 17 "(B) For issuing each original design pat-18 ent, \$800. 19 "(C) For issuing each original plant pat-20 ent, \$1,100. 21 "(D) For issuing each reissue patent, \$1,400. 22 "(5) DISCLAIMER FEE.—On filing each dis-23 24 claimer, \$130.

"(6) Appeal fees.—

1	"(A) On filing an appeal from the exam-
2	iner to the Board of Patent Appeals and Inter-
3	ferences, \$500.
4	"(B) In addition, on filing a brief in sup-
5	port of the appeal, \$500, and on requesting an
6	oral hearing in the appeal before the Board of
7	Patent Appeals and Interferences, \$1,000.
8	"(7) REVIVAL FEES.—On filing each petition
9	for the revival of an unintentionally abandoned ap-
10	plication for a patent, for the unintentionally delayed
11	payment of the fee for issuing each patent, or for an
12	unintentionally delayed response by the patent owner
13	in any reexamination proceeding, \$1,500, unless the
14	petition is filed under section 133 or 151 of this
15	title, in which case the fee shall be \$500.
16	"(8) Extension fees.—For petitions for 1-
17	month extensions of time to take actions required by
18	the Director in an application—
19	"(A) on filing a first petition, \$120;
20	"(B) on filing a second petition, \$330; and
21	"(C) on filing a third or subsequent peti-
22	tion, \$570.".
23	(b) Patent Maintenance Fees.—Section 41(b) of
24	title 35, United States Code, is amended to read as fol-
25	lows:

- 1 "(b) Maintenance Fees.—The Director shall
- 2 charge the following fees for maintaining in force all pat-
- 3 ents based on applications filed on or after December 12,
- 4 1980:
- 5 "(1) 3 years and 6 months after grant, \$900.
- 6 "(2) 7 years and 6 months after grant, \$2,300.
- 7 "(3) 11 years and 6 months after grant,
- 8 \$3,800.
- 9 Unless payment of the applicable maintenance fee is re-
- 10 ceived in the United States Patent and Trademark Office
- 11 on or before the date the fee is due or within a grace pe-
- 12 riod of 6 months thereafter, the patent will expire as of
- 13 the end of such grace period. The Director may require
- 14 the payment of a surcharge as a condition of accepting
- 15 within such 6-month grace period the payment of an appli-
- 16 cable maintenance fee. No fee may be established for
- 17 maintaining a design or plant patent in force.".
- 18 (c) Patent Search Fees.—Section 41(d) of title
- 19 35, United States Code, is amended to read as follows:
- 20 "(d) Patent Search and Other Fees.—
- 21 "(1) Patent Search fees.—(A) The Director
- shall charge a fee for the search of each application
- for a patent, except for provisional applications. The
- 24 Director shall establish the fees charged under this
- 25 paragraph to recover an amount not to exceed the

1	estimated average cost to the Office of searching ap-
2	plications for patent either by acquiring a search re-
3	port from a qualified search authority, or by causing
4	a search by Office personnel to be made, of each ap-
5	plication for patent. For the 3-year period beginning
6	on December 8, 2004, the fee for a search by a
7	qualified search authority of a patent application de-
8	scribed in clause (i), (iv), or (v) of subparagraph (B)
9	may not exceed \$500, of a patent application de-
10	scribed in clause (ii) of subparagraph (B) may not
11	exceed \$100, and of a patent application described
12	in clause (iii) of subparagraph (B) may not exceed
13	\$300. The Director may not increase any such fee
14	by more than 20 percent in each of the next 3 1-
15	year periods, and the Director may not increase any
16	such fee thereafter.
17	"(B) For purposes of determining the fees to be
18	established under this paragraph, the cost to the Of-
19	fice of causing a search of an application to be made
20	by Office personnel shall be deemed to be—
21	"(i) \$500 for each application for an origi-
22	nal patent, except for design, plant, provisional,
23	or international applications;

"(ii) \$100 for each application for an origi-

nal design patent;

24

1	"(iii) \$300 for each application for an
2	original plant patent;
3	"(iv) \$500 for the national stage of each
4	international application; and
5	"(v) \$500 for each application for the re-
6	issue of a patent.
7	"(C) The provisions of section 111(a)(3) of this
8	title relating to the payment of the fee for filing the
9	application shall apply to the payment of the fee
10	specified in this paragraph with respect to an appli-
11	cation filed under section 111(a) of this title. The
12	provisions of section 371(d) of this title relating to
13	the payment of the national fee shall apply to the
14	payment of the fee specified in this paragraph with
15	respect to an international application.
16	"(D) The Director may by regulation provide
17	for a refund of any part of the fee specified in this
18	paragraph for any applicant who files a written dec-
19	laration of express abandonment as prescribed by

of the application under section 131 of this title, and for any applicant who provides a search report that meets the conditions prescribed by the Director.

the Director before an examination has been made

1	"(E) For purposes of subparagraph (A), a
2	'qualified search authority' may not include a com-
3	mercial entity unless—
4	"(i) the Director conducts a pilot program
5	of limited scope, conducted over a period of not
6	more than 18 months, which demonstrates that
7	searches by commercial entities of the available
8	prior art relating to the subject matter of inven-
9	tions claimed in patent applications—
10	"(I) are accurate; and
11	" $(II)$ meet or exceed the standards of
12	searches conducted by and used by the
13	Patent and Trademark Office during the
14	patent examination process;
15	"(ii) the Director submits a report on the
16	results of the pilot program to the Congress
17	and the Patent Public Advisory Committee that
18	includes—
19	"(I) a description of the scope and du-
20	ration of the pilot program;
21	"(II) the identity of each commercial
22	entity participating in the pilot program;
23	"(III) an explanation of the method-
24	ology used to evaluate the accuracy and
25	quality of the search reports; and

1	"(IV) an assessment of the effects
2	that the pilot program, as compared to
3	searches conducted by the Patent and
4	Trademark Office, had and will have on—
5	"(aa) patentability determina-
6	tions;
7	"(bb) productivity of the Patent
8	and Trademark Office;
9	"(cc) costs to the Patent and
10	Trademark Office;
11	"(dd) costs to patent applicants;
12	and
13	"(ee) other relevant factors;
14	"(iii) the Patent Public Advisory Com-
15	mittee reviews and analyzes the Director's re-
16	port under clause (ii) and the results of the
17	pilot program and submits a separate report on
18	its analysis to the Director and the Congress
19	that includes—
20	"(I) an independent evaluation of the
21	effects that the pilot program, as compared
22	to searches conducted by the Patent and
23	Trademark Office, had and will have on
24	the factors set forth in clause (ii)(IV); and

1	"(II) an analysis of the reasonable-
2	ness, appropriateness, and effectiveness of
3	the methods used in the pilot program to
4	make the evaluations required under clause
5	(ii)(IV); and
6	"(iv) the Congress does not, during the 1-
7	year period beginning on the date on which the
8	Patent Public Advisory Committee submits its
9	report to the Congress under clause (iii), enact
10	a law prohibiting searches by commercial enti-
11	ties of the available prior art relating to the
12	subject matter of inventions claimed in patent
13	applications.
14	"(F) The Director shall require that any search
15	by a qualified search authority that is a commercial
16	entity is conducted in the United States by persons
17	that—
18	"(i) if individuals, are United States citi-
19	zens; and
20	"(ii) if business concerns, are organized
21	under the laws of the United States or any
22	State and employ United States citizens to per-
23	form the searches.
24	"(G) A search of an application that is the sub-
25	ject of a secrecy order under section 181 or other-

- wise involves classified information may only be conducted by Office personnel.
  - "(H) A qualified search authority that is a commercial entity may not conduct a search of a patent application if the entity has any direct or indirect financial interest in any patent or in any pending or imminent application for patent filed or to be filed in the Patent and Trademark Office.
    - "(2) OTHER FEES.—The Director shall establish fees for all other processing, services, or materials relating to patents not specified in this section to recover the estimated average cost to the Office of such processing, services, or materials, except that the Director shall charge the following fees for the following services:
- "(A) For recording a document affectingtitle, \$40 per property.
- 18 "(B) For each photocopy, \$.25 per page.
- 19 "(C) For each black and white copy of a patent, \$3.
  - The yearly fee for providing a library specified in section 12 of this title with uncertified printed copies of the specifications and drawings for all patents in that year shall be \$50.".
- 25 (d) Adjustments.—

1	(1) In General.—Section 41(f) of title 35,
2	United States Code, shall apply to the fees estab-
3	lished under the amendments made by this section,
4	beginning in fiscal year 2006.
5	(2) Conforming amendment.—Effective De-
6	cember 8, 2004, section 41(f) of title 35, United
7	States Code, is amended by striking "(a) and (b)"
8	and inserting "(a), (b), and (d)".
9	(e) Fees for Small Entities.—Section 41(h) of
10	title 35, United States Code, is amended—
11	(1) in paragraph (1), by striking "Fees charged
12	under subsection (a) or (b)" and inserting "Subject
13	to paragraph (3), fees charged under subsections
14	(a), (b), and (d)(1)"; and
15	(2) by adding at the end the following new
16	paragraph:
17	"(3) The fee charged under subsection (a)(1)(A) shall
18	be reduced by 75 percent with respect to its application
19	to any entity to which paragraph (1) applies, if the appli-
20	cation is filed by electronic means as prescribed by the
21	Director.".
22	(f) SIZE STANDARDS FOR SMALL ENTITIES.—
23	(1) Study.—The Director, in conjunction with
24	the Administrator of the Small Business Administra-
25	tion and the Chief Counsel for Advocacy of the

1	Small Business Administration, shall conduct a
2	study on the effect of patent fees on the ability of
3	small entity inventors to file patent applications.
4	Such study shall examine whether a separate cat-
5	egory of reduced patent fees is necessary to ensure
6	adequate development of new technology by small
7	entity inventors.
8	(2) Report.—The Director shall, not later
9	than 6 months after the date of the enactment of
10	this Act, submit a report on the results of the study
11	under paragraph (1) to the Committee on the Judi-
12	ciary and the Committee on Small Business of the
13	House of Representatives and the Committee on the
14	Judiciary and the Committee on Small Business and
15	Entrepreneurship of the Senate.
16	(g) Conforming Amendments.—
17	(1) Section 41 of title 35, United States Code,
18	is amended—
19	(A) in subsection (c), by striking "(c)(1)"
20	and inserting "(c) Late Payment of Fees.—
21	(1)";
22	(B) in subsection (e), by striking "(e)" and
23	inserting "(e) Waivers of Certain Fees.—";
24	(C) in subsection (f), by striking "(f)" and
25	inserting "(f) ADJUSTMENTS IN FEES.—":

(D) in subsection (g), by striking "(g)" 1 2 and inserting "(g) Effective Dates of FEES.—"; 3 (E) in subsection (h), by striking "(h)(1)" 4 and inserting "(h) REDUCTIONS IN FEES FOR 5 6 CERTAIN ENTITIES.—(1)"; and 7 (F) in subsection (i), by striking "(i)(1)" and inserting "(i) SEARCH SYSTEMS.—(1)". 8 9 (2) Section 119(e)(2) of title 35, United States Code, is amended by striking "subparagraph (A) or 10 11 (C) of". 12 SEC. 3. ADJUSTMENT OF TRADEMARK FEES. 13 (a) FEE FOR FILING APPLICATION.—The fee under 14 section 31(a) of the Trademark Act of 1946 (15 U.S.C. 15 1113(a)) for filing an electronic application for the registration of a trademark shall be \$325. If the trademark 16 17 application is filed on paper, the fee shall be \$375. The 18 Director may reduce the fee for filing an electronic appli-19 cation for the registration of a trademark to \$275 for any 20 applicant who prosecutes the application through elec-21 tronic means under such conditions as may be prescribed by the Director. Beginning in fiscal year 2006, the provi-23 sions of the second and third sentences of section 31(a) of the Trademark Act of 1946 shall apply to the fees established under this section.

- 1 (b) Reference to Trademark Act of 1946.—For
- 2 purposes of this section, the "Trademark Act of 1946"
- 3 refers to the Act entitled "An Act to provide for the reg-
- 4 istration and protection of trademarks used in commerce,
- 5 to carry out the provisions of certain international conven-
- 6 tions, and for other purposes.", approved July 5, 1946 (15
- 7 U.S.C. 1051 et seq.).
- 8 SEC. 4. CORRECTION OF ERRONEOUS NAMING OF OFFICER.
- 9 (a) Correction.—Section 13203(a) of the 21st Cen-
- 10 tury Department of Justice Appropriations Authorization
- 11 Act (Public Law 107–273; 116 Stat. 1902) is amended—
- 12 (1) in the subsection heading, by striking
- "COMMISSIONER" and inserting "DIRECTOR"; and
- 14 (2) in paragraphs (1) and (2), by striking
- 15 "Commissioner" each place it appears and inserting
- "Director".
- 17 (b) Effective Date.—The amendments made by
- 18 subsection (a) shall be effective as of the date of the enact-
- 19 ment of Public Law 107–273.
- 20 SEC. 5. PATENT AND TRADEMARK FUNDING.
- 21 Section 42(c) of title 35, United States Code, is
- 22 amended—
- 23 (1) by striking "(c)" and inserting "(c)(1)";
- 24 and

1 (2) by adding at the end the following new 2 paragraph: 3 "(2) There is established in the Treasury a Patent and Trademark Fee Reserve Fund. If fee collections by the Patent and Trademark Office for a fiscal year exceed the amount appropriated to the Office for that fiscal year, fees collected in excess of the appropriated amount shall 8 be deposited in the Patent and Trademark Fee Reserve Fund. After the end of each fiscal year, the Director shall 10 make a finding as to whether the fees collected for that fiscal year exceed the amount appropriated to the Patent 12 and Trademark Office for that fiscal year. If the amount collected exceeds the amount appropriated, the Director shall, if the Director determines that there are sufficient 14 15 funds in the Reserve Fund, make payments from the Reserve Fund to persons who paid patent or trademark fees 16 during that fiscal year. The Director shall by regulation 18 determine which persons receive such payments and the 19 amount of such payments, except that such payments in 20 the aggregate shall equal the amount of funds deposited 21 in the Reserve Fund during that fiscal year, less the cost of administering the provisions of this paragraph.".

1	SEC. 6. REPEAL OF PATENT AND TRADEMARK FEE PROVI-
2	SIONS OF THE CONSOLIDATED APPROPRIA-
3	TIONS ACT, 2005.
4	Title VIII of division B of the Consolidated Appro-
5	priations Act, 2005 (35 U.S.C. 41 note; Public Law 108–
6	447; 118 Stat. 2924) is repealed.
7	SEC. 7. EFFECTIVE DATE, APPLICABILITY, AND TRANSI-
8	TIONAL PROVISION.
9	(a) Effective Date.—Except as otherwise provided
10	in this Act and this section, this Act and the amendments
11	made by this Act shall take effect as of December 8, 2004.
12	(b) Applicability.—
13	(1)(A) Except as provided in subparagraphs
14	(B) and (C), the amendments made by section 2
15	shall apply to all patents, whenever granted, and to
16	all patent applications pending on or filed after the
17	effective date set forth in subsection (a) of this sec-
18	tion.
19	(B)(i) Except as provided in clause (ii), sections
20	41(a)(1), $41(a)(3)$ , and $41(d)(1)$ of title 35, United
21	States Code, as amended by this Act, shall apply
22	only to—
23	(I) applications for patents filed under sec-
24	tion 111(a) of title 35, United States Code, on
25	or after the effective date set forth in sub-
26	section (a) of this section, and

- 1 (II) international applications entering the
  2 national stage under section 371 of title 35,
  3 United States Code, for which the basic na4 tional fee specified in section 41 of title 35,
  5 United States Code, was not paid before the ef6 fective date set forth in subsection (a) of this
  7 section.
  - (ii) Section 41(a)(1)(D) of title 35, United States Code as amended by this Act, shall apply only to applications for patent filed under section 111(b) of title 35, United States Code, before, on, or after the effective date set forth in subsection (a) of this section in which the filing fee specified in section 41 of title 35, United States Code, was not paid before the effective date set forth in subsection (a) of this section.
  - (C) Section 41(a)(2) of title 35, United States Code, as amended by this Act, shall apply only to the extent that the number of excess claims, after giving effect to any cancellation of claims, is in excess of the number of claims for which the excess claims fee specified in section 41 of title 35, United States Code, was paid before the effective date set forth in subsection (a) of this section.

1 (2) The amendments made by section 3 shall 2 apply to all applications for the registration of a 3 trademark filed or amended on or after the effective date set forth in subsection (a) of this section. (c) Transitional Provisions.— 5 6 (1) Search fees.—During the period begin-7 ning on the effective date set forth in subsection (a) 8 of this section and ending on the date on which the 9 Director establishes search fees under the authority provided in section 41(d)(1) of title 35, United 10 11 States Code, the Director shall charge— 12 (A) for the search of each application for 13 an original patent, except for design, plant, pro-14 visional, or international application, \$500; 15 (B) for the search of each application for 16 an original design patent, \$100; 17 (C) for the search of each application for 18 an original plant patent, \$300; 19 (D) for the search of the national stage of 20 each international application, \$500; and 21 (E) for the search of each application for 22 the reissue of a patent, \$500. 23 (2) Timing of fees.—The provisions of sec-24 tion 111(a)(3) of title 35, United States Code, relat-

ing to the payment of the fee for filing the applica-

- 1 tion shall apply to the payment of the fee specified
- 2 in paragraph (1) with respect to an application filed
- 3 under section 111(a) of title 35, United States Code.
- The provisions of section 371(d) of title 35, United
- 5 States Code, relating to the payment of the national
- 6 fee shall apply to the payment of the fee specified
- 7 in paragraph (1) with respect to an international ap-
- 8 plication.
- 9 (3) Refunds.—The Director may by regula-
- tion provide for a refund of any part of the fee spec-
- ified in paragraph (1) for any applicant who files a
- written declaration of express abandonment as pre-
- scribed by the Director before an examination has
- been made of the application under section 131 of
- title 35, United States Code, and for any applicant
- who provides a search report that meets the condi-
- tions prescribed by the Director.
- 18 SEC. 8. DEFINITION.
- In this Act, the term "Director" means the Under
- 20 Secretary of Commerce for Intellectual Property and Di-
- 21 rector of the United States Patent and Trademark Office.
- 22 SEC. 9. CLERICAL AMENDMENT.
- Subsection (c) of section 311 of title 35, United
- 24 States Code, is amended by aligning the text with the text
- 25 of subsection (a) of such section.

# Union Calendar No. 203

109TH CONGRESS H. R. 2791

[Report No. 109-372]

## A BILL

To amend title 35, United States Code, with respect to patent fees, and for other purposes.

February 8, 2006

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed